



August 24, 2009

Board of Governors of the Federal Reserve  
20th & C Streets NW  
Washington, D C 20551

Re: Credit CARD Act of 2009 and the Impact on Credit Unions

Dear Board of Governors,

This letter is to comment on the Credit Card Accountability Responsibility and Disclosure Act of 2009 and its impact on credit unions, specifically Day Air Credit Union. The act, as written and approved on May 22, 2009, contains several provisions that will cause significant compliance and implementation problems for our credit union. Day Air, located in Dayton, Ohio, has five branches and an asset size of \$200 million. We serve the financial needs of over 24,000 members.

As a credit card issuer who never engaged in the onerous practices targeted by the CARD Act (e.g. double cycle billing, universal default, exorbitant fees, exorbitant default rates, etc.), we applaud the intent of the ACT as it relates to credit cards. However, several provisions of the Act relate to all open-end lending, not just open-end loans that are accessed via credit card. Day Air and many other credit unions use open-end lending agreements to better facilitate subsequent loan advances (for vehicle loans and signature loans in addition to credit card loans) of members throughout their lives.

Section 106 of the CARD Act, which prohibits creditors from treating payments as late unless the creditor adopts reasonable procedures to ensure that periodic statements are mailed or delivered to the consumer no later than 21 days before the payment due date, creates a horrible compliance burden for Day Air.

Please consider the following:

1. Our members receive one consolidated statement that includes all consumer loan and deposit accounts. Each loan account (many members have several loans) is itemized on the monthly statement. Each loan account typically has payment due dates on various days of the month. The CARD Act is forcing the Credit Union to either send multiple statements throughout the month (one for each loan) which causes unnecessary operating expenses and member confusion or to change all due dates to a uniform date very late in the month which causes a loss of member choice regarding due date.
2. The majority of our consumer installment loans, although written on open-end loan agreements, have fixed rates, set payment amounts and set payment due dates. The CARD Act forces Day Air to take various compliance actions regarding loans that are clearly disclosed in a straight forward manner and that never should have been targeted by the Act.
3. Members currently choose their loan due dates, typically to correspond with their bi-weekly payroll timing. Day Air's solution to this compliance burden is to move the due date on thousands of loans to the 27<sup>th</sup>, allowing for the monthly statement to be received at least 21 days prior to the due date. This action unnecessarily (other than to comply with the CARD Act) restricts member choice.

4. Day Air offers "StretchPay" loans to members in need of a short term loan. The product was designed to provide a very inexpensive alternative to payday loans (featuring a low annual fee, 18% APR and 30 day repayment period). We will attempt to comply with the CARD Act requirements by sending billing notices the day after making each loan in order that the billing notice be delivered at least 21 days prior to the due date. Technically, according to FRB rules, our understanding of a "periodic statement" is a document of specified information sent after a billing cycle (i.e. sent after the 30 day billing cycle of a StretchPay loan). Since a periodic statement for a 30 day loan cannot both be sent after the billing cycle and be received 21 days prior to the due date, compliance becomes an exercise of absurdity.

Again, we support the intent of the CARD Act as it relates to the unconscionable activities of the large credit card issuers. However, we believe that the current legislation which includes all open-end credit is not in best interests of either consumers or the credit union industry.

The interim regulation associated with the CARD Act of 2009 was published on July 22, which effectively provided creditors less than one month to comply with the first deadline date of August 20. We request a delay in the enforcement of the legislation until Congress has an opportunity to revisit this issue. In the meantime, we will do our very best to comply with the overly cumbersome requirements of this legislation.

Thank you for your consideration.

Sincerely,



William J. Burke  
President/CEO

Cc: Hon. Michael Turner  
Hon. Sherrod Brown  
Hon. George Voinovich  
Ohio Credit Union League